LAW FOUNDATION OF NOVA SCOTIA ANNUAL REPORT

2015 - 2016

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LAW FOUNDATION OF NOVA SCOTIA ANNUAL REPORT

The Law Foundation of Nova Scotia is celebrating its 40th Anniversary. Established in 1976 by amendment to the *Barristers and Solicitors Act* (now *The Legal Profession Act*), its central purpose is to receive and distribute interest earned on lawyers' pooled trust accounts in accordance with its mandate. It is the only foundation in Nova Scotia devoted solely to community law-related initiatives and legal education.

The objects of the Law Foundation are "to establish and maintain a fund to be used for the examination, research, revision and reform of and public access to the law, legal education, the administration of justice in the Province and other purposes incidental or conducive to or consequential upon the attainment of any such objects."

The Foundation is administered by a board of up to nine members. The Governor in Council appoints up to five members. The Nova Scotia Barristers' Society appoints four. The members of the board in 2015 – 2016 were:

APPOINTED BY THE GOVERNOR IN COUNCIL:

Steve Graham

George W. Hudson, TREASURER

Valerie MacKenzie

Kent Noseworthy

M. Estelle Theriault, Q.C., VICE-CHAIR

APPOINTED BY THE COUNCIL OF THE NOVA SCOTIA BARRISTERS' SOCIETY:

Robert G. MacKeigan, Q.C., CHAIR

Margaret M. MacKenzie, SECRETARY

Dwight Rudderham, Q.C.

M. Gerard Tompkins, Q.C. (until October 2015)

Douglas G. Ruck, Q.C. (appointed October 2015)

The Governor in Council appoints the chair from the members of the board, upon the joint recommendation of the Attorney General and the Nova Scotia Barristers' Society.

The board meets 3 – 4 times per year and reviews grant applications at its winter meeting.

The Foundation employs two part-time staff members:

Kerry Oliver	Executive Director
Kathy Samson	Executive Assistant

From May 1 – December 31, 2015, Maria Franks served as Acting Executive Director during Kerry Oliver's leave of absence. Since January 1, 2016, Ms. Franks has continued working for the Foundation on a part-time basis on special projects.

Visit ***nslawfd.ca*** for more information on the Law Foundation of Nova Scotia.

CHAIR'S MESSAGE

Nearly $40 million – that's how much the Law Foundation of Nova Scotia has distributed in grants in the past 40 years to fund organizations that seek to strengthen their communities by providing legal information and support to those in need – youth at risk, seniors, persons with disabilities, those living in poverty, victims of sexual assault, refugees and other marginalized populations.

The Foundation was established on May 20, 1976 by amendment to the *Barristers and Solicitors Act* to receive the interest earned on lawyers' pooled trust accounts in the province and to make grants for legal education and other law-related purposes. It was the culmination of years of work by members of the legal profession who envisioned annual revenue of $200,000 - $300,000 (approximately $836,000 - $1.2 million in today's dollars). To date, lawyers' trust accounts have generated approximately **$41.1 million** for distribution in accordance with the Act.

The first interest payments amounted to $25,545 in October 1977 – enough for the board to approve a grant to fund the Continuing Legal Education Society of Nova Scotia. By the end of March 1979, the Foundation had received a total of $150,951 and had authorized $131,204 in grants.

On the eve of its **40th Anniversary,** the Foundation approved 20 grants totalling $995,383, to be disbursed in 2016-2017, to support public access to the law, legal education, research and reform, and the administration of justice – the four areas originally mandated by the *Barristers and Solicitors Act* in 1976.

GRANTS

The Foundation's grantees use the funds for innovative programs that offer a broad range of legal services – helping people fill out forms, navigate the courts, obtain benefits to which they're entitled, deal with family law, housing and poverty-related issues, to name just a few. Pages 12 and 13 of this report feature inspirational grantee stories.

The board distributes funds according to mandate, while taking into consideration who will benefit from the grants and where they will operate.

In the coming year, the Foundation will undertake a review of the grants program to assess whether it continues to meet the needs of the community. We plan to engage our grantees in this process to ensure we have a mutual understanding of their needs as well as the Foundation's financial realities. We will also meet with others in the justice system to gather information on unmet legal needs and priorities to help the board evaluate the current distribution of funds and provide a roadmap for the future.

REVENUE

The Foundation's main source of revenue is interest earned on lawyers' pooled trust accounts. Financial institutions remit the interest to the Foundation in accordance with negotiated agreements that are tied to the prime rate. Two interest rate reductions in 2015 meant less revenue – the Foundation received $766,388 for the year ending March 31, 2016 compared to $1,054,754 for the year ending March 2015.

Lower revenue has had an impact on grants – although all ongoing grants are still being funded, the board made the difficult decision to reduce them by 10% in 2015 and to maintain grants at their reduced amounts in 2016. In order to continue this level of support, the Foundation has been withdrawing funds from its reserve for several years to supplement interest revenue received from trust accounts.

It is a challenge to ensure that the Foundation is receiving all interest owing from trust accounts, and efforts are being made to ensure that all pooled accounts are remitting. This involves discussions with financial institutions and lawyers about accounts that are missing from remittance lists as well as negotiations with the institutions for payment of interest owing retroactively. To date, approximately $60,000 in revenue has been recovered, and we are expecting additional retroactive payments in the coming year.

The Foundation is continuing its discussions with the Nova Scotia Barristers' Society to see whether there are opportunities to use its annual reporting processes to verify the existence of trust accounts. The coordination of reporting processes is vital to the Foundation's work because it helps to maximize revenue to support access to justice objectives.

The Foundation has also begun investigating the potential to receive income from cy-près awards in class actions. Cy-près awards are made when it is not practical to distribute all proceeds of a class action directly to individual plaintiffs. The Ontario and British Columbia Law Foundations have had great success using cy-près awards to support projects that increase access to justice nationally and provincially, depending upon the conditions of the award. Ontario's Fund has benefitted several Nova Scotia organizations that have applied for and been awarded grants. Additional Nova Scotia applications are pending in response to Ontario's "Call for Applications" to the 2016 Access to Justice Fund for projects addressing legal needs relating to children and youth, consumers, public legal education intake and referral, racialized groups and refugees.

40 YEARS
BY THE NUMBERS

$39.3 million

Total amount distributed in grants in 40 years

The Continuing Legal Education Society

First grant awarded by the Foundation (1977)

$3,055,029

Highest annual grants payout - 2008

$4,057,739

Highest annual trust account revenue - 2008

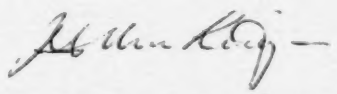
LAW FOUNDATION BOARD

The Foundation's achievements would not be possible without a board of committed volunteers. In May 2015, the Foundation and its volunteers were recognized for supporting the Schulich School of Law since 1983. We were honored to attend a reception for the dedication of a plaque recording the names of all those who have served as board members and chairs since the Foundation was established.

This year the board was pleased to welcome **Douglas G. Ruck, Q.C.** as the newest representative appointed by the Nova Scotia Barristers' Society. Mr. Ruck has been a member of the Society since 1978 and currently serves as chair of the Nova Scotia Labour Board. He has extensive knowledge and experience in labour relations and employment, human rights, occupational health and safety, civil litigation and administrative law. Mr. Ruck served as Nova Scotia's Ombudsman from 1995 until 2000. He brings a new and valuable perspective to the board.

On behalf of the board, I want to thank **Gerard Tompkins, Q.C.** whose term has come to an end. Gerard served on the board for 10 years, many of those on the Executive, in the role of treasurer. The Foundation owes him a debt of gratitude for his contribution to board discussions and his keen insights, particularly in relation to the challenges facing the board in times of low revenue. Gerard was also one of the Foundation's best ambassadors and promoters, competently and personably representing the Foundation at Bar Society meetings and other events. He will be missed.

As always I am grateful to the Law Foundation staff, Kerry Oliver, Kathy Samson and Maria Franks, and to the board for their support and for their commitment to the work that began 40 years ago and continues to make access to justice more attainable for all Nova Scotians.



Robert G. MacKeigan, Q.C., Chair

RONALD J. DOWNIE BARBARA F. FEENEY EDWARD J. FLINN
Stewart D. McInnes IRVING C. PINK Graham D. Walker George W. Hudson
DAVID A. MILNER A. DAVID P. THEAKSTON JOHN S. McFARLANE J. STEWART DRUM
Lee Anne MacLeod-Archer BURNLEY A. "ROCKY" JONES Michael K. Power M. GERARD TOMPKINS
J. WILLIAM F. MINGO Bruce M. Nickerson ESMERALDA M.A. THORNHILL
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Deborah M. Gass CHRISTINE A. McCULLOCH JOHN C. MacPHERSON

REVENUE

The Foundation's main source of revenue is interest earned on lawyers' pooled and Service Nova Scotia trust accounts in the province. Revenue fluctuates with the balances in the trust accounts and with the prime rate of interest. Financial institutions remit interest based upon "prime – X" formulas negotiated with each law foundation in Canada; changes in the prime rate can produce dramatic results. The Foundation experienced highs and lows between 2008 and 2010, seeing revenue top the $4 million mark and then drop to $331,560. Revenue remained steady at about $1 million for the next 3 years but that changed in 2015 – 2016. After holding the target for the overnight rate at 1 per cent for several years, the Bank of Canada reduced it unexpectedly to ¼ per cent in January 2015 and then again to ½ per cent in July.

Financial institutions followed by dropping their prime rates to 2.85 per cent and 2.7 per cent, resulting in a drop in the Foundation's revenue from $1,054,754 in 2015 to $766,388 for the year ending March 2016.

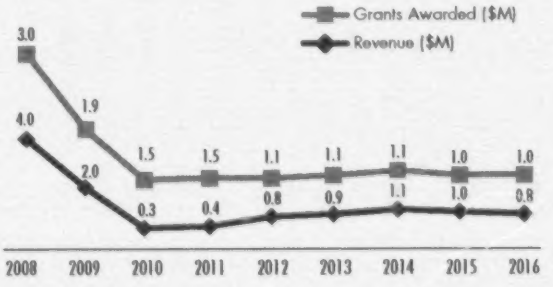
Historically, equally dramatic interest rate swings, coupled with different methods of calculating interest paid by financial institutions and higher or lower trust account balances, have produced interesting results. The prime rate peaked at 22.75 per cent in August 1981 but revenue was under $300,000. By 1993 – 1994, a different formula for calculating interest payments produced the same amount of revenue with an average prime rate of 5.7 per cent. An average prime of 7.4 per cent in 2001 resulted in revenue of $1.9 million whereas an average rate of 6 per cent in 2008 yielded over $4 million.

TRUST ACCOUNT REVENUE & PRIME RATES

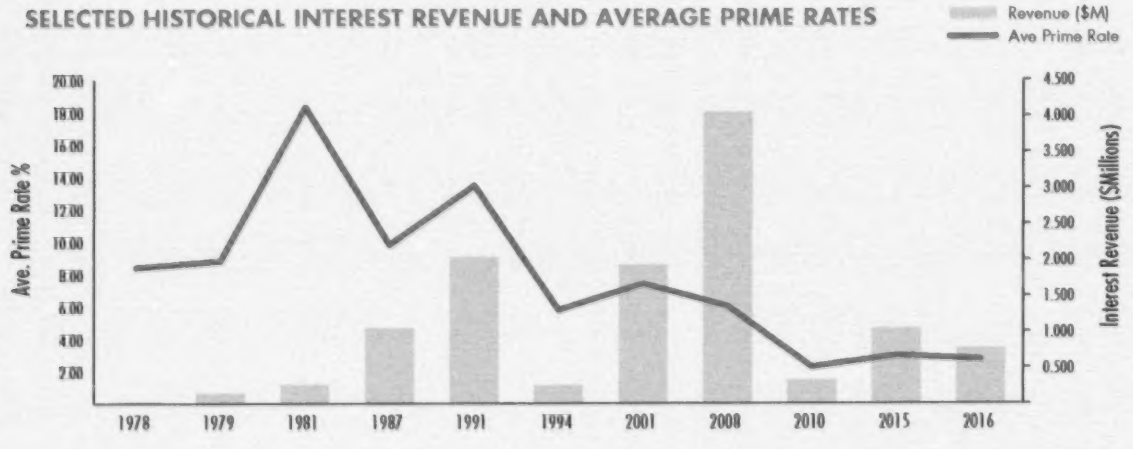
Fiscal Years Ending 2008 - 2016

TRUST ACCOUNT REVENUE AND GRANTS

Fiscal Years Ending 2008 - 2016



SELECTED HISTORICAL INTEREST REVENUE AND AVERAGE PRIME RATES



RESERVE FUND MAINTAINS GRANT LEVELS

It was recognized early in the Foundation's history that a severe decline in the prime rate could force the board to reduce or eliminate grants. To help protect against this, the Foundation established a reserve fund in 1986 to be used to maintain regular grants in periods when low interest rates result in insufficient income to fund them. The Foundation has continued to make withdrawals from the reserve fund to maintain operations and a consistent level of funding for the grantees. Although interest revenue dropped dramatically in 2010, grants were maintained at $1.5 million. The grants budget remained at the $1.1 million mark for several years, but the reductions in the prime rate in 2015 made it necessary to reduce grants by 10% despite the use of supplementary funds from the Foundation's reserve.

During the fiscal year $411,956 was transferred from the reserves to the general fund. As of March 31, 2016, the reserve fund value was $2,828,903.

GRANTS

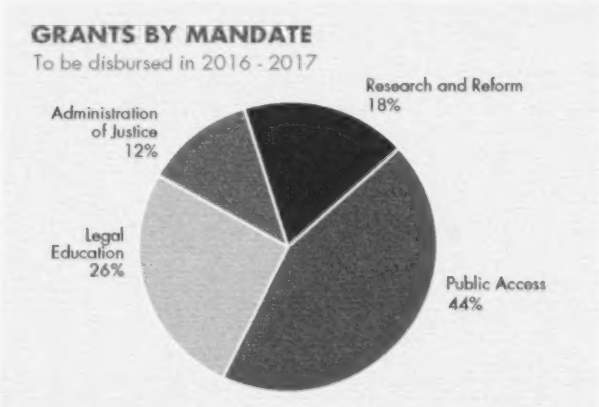
Since its creation in 1976, the Foundation has received approximately $41 million in revenue from interest on lawyers' trust accounts, and has awarded over $39 million in grants. These grants have made it possible for community organizations to help Nova Scotians understand the law and to use it to improve their lives while also promoting improvements in the law and excellence within the profession. During the 2015 – 2016 fiscal year, the Foundation awarded grants totaling $995,383, to be disbursed during 2016 – 2017.

GRANTS TO BE DISBURSED IN 2016 – 2017

Grants are categorized according to the Foundation's four mandated objectives. Activities of many of the funded organizations fall under more than one of the objectives.

Grants awarded, by mandate:

Public Access to Law:	$433,542
Legal Education:	$264,111
Research and Reform:	$179,716
Administration of Justice:	$118,014
TOTAL:	**$995,383**


GRANTS BY MANDATE
To be disbursed in 2016 - 2017
Research and Reform 18%
Administration of Justice 12%
Legal Education 26%
Public Access 44%

LAW FOUNDATION SCHOLARSHIP FUND

The Law Foundation established a trust fund in 1981 to provide scholarships to students attending the Schulich School of Law at Dalhousie University. The fund supports scholarships valued at $16,000 for students entering first year, renewable in second and third years provided the recipient maintains a B+ average. Fellowships at the graduate level are also available. The Law Foundation Scholarship Fund has provided $3.4 million in scholarships to support 343 students during the past 25 years.

The 2015 – 2016 scholarships included four entrance and a total of six second and third-year scholarships. One graduate fellowship valued at $20,000 was also awarded. Scholarship payments for the year totalled $180,000.

Scholarship recipients this year were:

Entering 1st Year:	Dakota Broadfoot, Adam Karakolis, Mitchell Brown, Katrina Labrun
Entering 2nd Year:	Grace MacCormick, Simon McCormick, Vinidhra Vaitheeswaran
Entering 3rd Year:	Emily Hansen, Ian Mahood, Lauren Mills
Graduate Fellowship:	Matthew Moulton

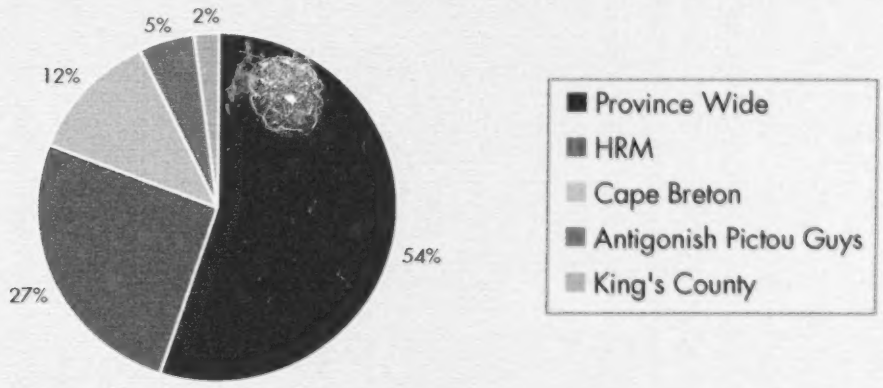
FUNDING GUIDELINES AND APPLICATION PROCEDURES

The board strives to be accountable in the distribution of funds received by the Foundation. The board also endeavours to be transparent and consistent in its evaluation of applications. It takes into consideration where programs will operate and who will benefit from them, as well as whether they fit within the Foundation's mandate. Accountability extends to the careful assessment and consistent monitoring of programs that receive funding. Funding guidelines and grant application procedures may be obtained by contacting the executive director, or by visiting the Foundation's website at ***nslawfd.ca.***

GRANTS TO BE DISBURSED IN 2016 – 2017

Antigonish Women's Resource Centre	$48,791
A rural outreach program providing law-related information and individual support for women and adolescent girls in Antigonish and Guysborough Counties and the Strait area	
Artists' Legal Information Society	$3,000
Pro Bono legal advice, information and education for artists on how to protect and promote their creative work	
Avalon Sexual Assault Centre	$45,660
Sexual assault legal information and education, professional training workshops, support services and policy development aimed at improving the criminal justice process for victims of sexual violence	
Concilio	$39,370
Programming and support for inmates at Springhill Institution and their families	
Coverdale Courtwork Services	$50,625
Information and support for women in the criminal court process; counseling and support at parole hearings & pre-release planning	
Dalhousie Legal Aid	$99,988
Legal services; community development and law reform; an educational experience for 3rd year law students	
East Coast Environmental Law Association	$43,031
Collaboration among students, academics & practitioners to provide information regarding environmental laws to individuals and organizations; research and advice on improving environmental laws that affect this region	
Elizabeth Fry Cape Breton	$75,843
Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform & community education	

2016 - 2017 GRANTS BY GEOGRAPHIC AREA



Elizabeth Fry Mainland **Support for women in prison; programs & services for women charged with offences or at risk in the community; law reform & community education**	$56,521
EPIC Society **After school programs for youth in conflict with the law & support for parents**	$44,280
Halifax Refugee Clinic **A legal clinic to assist financially eligible refugee claimants before the Immigration & Refugee Board & in related matters**	$94,205
I B & M Initiative **An initiative of the Schulich School of Law to increase the representation of Indigenous Blacks & Mi'kmaq people in the legal profession**	$52,650
King's County Seniors' Safety Program **A program to provide legal, safety & security information on an individual and group basis to seniors in King's County**	$17,550
Law Reform Commission **Review of provincial laws & recommendations for improvement, modernization and reform**	$84,914
Leave Out Violence (LOVE) **Youth who have experienced violence are trained to become educators about the root causes, effects & alternatives to violent behavior**	$7,953
Legal Information Society (LISNS) **Programs providing Nova Scotians with access to legal information & resources to enable them to answer their questions about the law and begin to address their legal issues**	$121,496
Mainline Needle Exchange **A legal education program for drug users & service providers; legal assistance for drug users in court & correctional institutions**	$35,887
Pro Bono Students Association **Law students volunteer their time to provide legal services to public interest community organizations**	$15,750
reachAbility **Access to legal services & plain language information for persons with disabilities across Nova Scotia**	$22,832
Stepping Stone **Court support & assistance for current or former sex trade workers; workshops for sex trade workers and the legal community; community education**	$35,037

TOTAL GRANTS $995,383

40 YEARS
BY THE NUMBERS

Dalhousie Legal Aid Society

Funded since 1978 – over $3.2 million in total

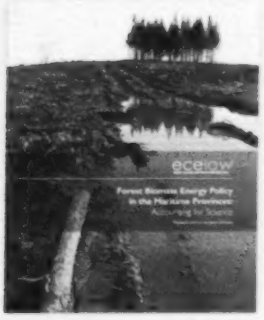
The Legal Information Society (LISNS)

Funded since 1983 – almost $3.7 million in total

Cape Breton Interagency on Family Violence's Heartfelt Appreciation Award

"It is a relief to know that ALIS exists. Artists can't often afford lawyers but need their protection and advice at times."

ALIS client



ECELAW's report

LAW FOUNDATION GRANTEE STORIES

In June 2015, the ELIZABETH FRY SOCIETY OF CAPE BRETON received the Cape Breton Interagency on Family Violence's **Heartfelt Appreciation Award** for its work with Violence Against Women.

In 2015 the ARTISTS' LEGAL INFORMATION SOCIETY (ALIS) completed a guide for self-represented artists, *Advocacy: A Guide to Representing Yourself in Court*, and is working on a *Legal Guide for Musicians*.

EAST COAST ENVIRONMENTAL LAW (ECELAW) is Atlantic Canada's only public-interest environmental law charity. On December 22, 2015, in the wake of a landmark global climate deal reached in Paris, ECELAW released a report calling into question the carbon impact of widespread biomass energy use. ECELAW's report, and accompanying recommendations, provided an important legal voice in a debate that has been central to Nova Scotia's energy policy future.

Justice Matters for Women: Rural Outreach in Guysborough and Antigonish Counties is a program of the ANTIGONISH WOMEN'S RESOURCE AND SEXUAL ASSAULT CENTRE. In rural Nova Scotia, the Justice Matters for Women Outreach Worker works with women who need assistance sorting through legal issues and navigating complex systems. With the help of the Outreach Worker advocating on her behalf, a single mother and her 3 school-age children, facing enormous financial, personal and housing challenges, have been given the chance to remain in their home until the end of the school year and regain stability in their lives.

MAINLINE is a program of the Micmac Native Friendship Centre that offers support to individuals with addictions issues who are involved with or at risk of being involved with the criminal justice system. Program staff worked with a young homeless couple living in a vehicle, facing numerous charges and coping with addictions. When they were arrested, staff attended court with them and then helped them establish relationships with community services and health resources, which they have maintained on their own. The couple is now housed and working as building superintendents.

The AVALON SEXUAL ASSAULT CENTRE was awarded the Canadian Women's Foundation *Michele Landsberg Community 2015 Award* for its "I Don't Owe You Campaign". The campaign focuses on conversations with youth about consent, challenging myths about sexual assault and reflecting on experiences and circumstances where issues of consent may arise. The campaign continues in 2016 with a focus on engaging universities and students on campus. The campaign went viral on social media and other organizations in Canada as well as in Spain and England have adapted or implemented it.

The PRO BONO STUDENTS PROGRAM at the Schulich School of Law at Dalhousie University is once again the national leader in terms of student participation and logged volunteer hours! These numbers represent a real and substantial commitment to pro bono and access-to-justice initiatives at the Law School and in Nova Scotia more generally.

STEPPING STONE provides a range of supports to current and former male, female, and transgendered sex workers in HRM. The Law Foundation funds the Court and Corrections Support Worker position. One client had high drug usage, criminal charges, was facing jail time, and had lost her child to Child Protection Services. Once she reached out to Stepping Stone for help the support worker soon had her enrolled in the methadone program. She found an apartment, and with support, was able to convince the judge that she would be better off serving her time in the community. Since then she has completed her education upgrading and gained a part time job. As positive things began to happen in her life, her drug use went down significantly. She has been clean for almost a year and has regained custody of her child.

LEAVE OUT VIOLENCE (LOVE) NOVA SCOTIA is a violence prevention and intervention organization that works with youth who have experienced violence. LOVE's programs provide youth with the skills they need to make positive life choices and develop into strong, independent leaders.

The LEGAL INFORMATION SOCIETY OF NOVA SCOTIA (LISNS) is the recipient of the 2016 Canadian Bar Association – NS Law Day Award for its innovative Public Navigator Program. The program aims to assist self-represented litigants in understanding the issues and their options when going through proceedings in the Nova Scotia Supreme Court. The program trains community volunteers to work with self-represented litigants by providing legal information, helping identify issues and exploring alternative methods of dispute resolution.

LISNS has also established a partnership with ADR Atlantic enabling LISNS to provide a mediator referral service that supports callers to its Legal Information Line.

Pro Bono Students Program

"I am so glad I became a LOVE Leader two years ago. As Leaders, we're shown that we're mature enough to lead other youth in the right direction. We have a chance to take the skills we've learned to help and be there for other people, just like our LOVE family is there for us."

LOVE client

"... a groundbreaking initiative in the ongoing struggle to improve access to justice for all Nova Scotians."

CBA-NS President, Amy Sakalauskas describing LISNS' Public Navigator Program

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Grant Thornton

Financial Statements

Law Foundation of Nova Scotia

March 31, 2016

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Independent auditor's report

To the Members of the Board of the
Law Foundation of Nova Scotia

We have audited the accompanying financial statements of the Law Foundation of Nova Scotia, which comprise the statement of financial position as at March 31, 2016, and the statements of operations for the general and reserve fund, statements of changes in net assets for the general and reserve fund and statement of cash flows for the year ended March 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian accounting standards for not-for-profit organizations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

The Law Foundation of Nova Scotia derives substantially all of its revenue from interest credited by financial institutions of Nova Scotia Barristers' Society members' mixed trust funds which is not susceptible to complete audit verification. Accordingly, our verification of revenue from this source was limited to accounting for the amounts received from financial institutions and recorded in the records of the Law Foundation of Nova Scotia. Therefore we were unable to determine whether any adjustments might be necessary for revenue, excess of revenue over expenses, and cash flow from operations for the years ended March 31, 2016 and 2015, assets as at March 31, 2016 and 2015 and net assets as at April 1, 2015 and 2014 and March 31, 2016 and 2015. Our audit opinion on the financial statements for the year ended March 31, 2015 was modified accordingly because of the possible effects of this limitation in scope.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Law Foundation of Nova Scotia as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian standards for not-for-profit organizations.

Grant Thornton LLP

Halifax, Canada
June 6, 2016

Chartered Accountants

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Law Foundation of Nova Scotia
Statement of operations and changes in general fund

Year ended March 31	2016	2015
Revenue		
Interest on trust accounts	$ 766,388	$ 1,054,754
Interest on investments	707	1,373
Realized gain on disposal of investments	494	163
	767,589	1,056,290
Grants disbursed (note 6)	995,383	1,006,806
	(227,794)	49,484
Expenditures		
Accounting and audit	8,338	8,338
Amortization	577	722
Bank charges	388	339
Consulting	3,229	6,375
Director's insurance	1,889	1,889
Miscellaneous	750	959
Office	11,348	11,308
Rent and common area	19,604	19,066
Salaries and benefits	131,538	130,550
Telephone	2,693	2,550
Travel and meetings - board	1,897	6,311
Travel - staff and chair	1,911	-
	184,162	188,407
Deficiency of revenue over expenditures	$ (411,956)	$ (138,923)
General fund, beginning of year	$ -	$ -
Deficiency of revenue over expenditures	(411,956)	(138,923)
Transfer from reserve fund	411,956	138,923
General fund, end of year	$ -	$ -

See accompanying notes to the financial statements

Law Foundation of Nova Scotia
Statement of operations and changes in reserve fund

Year ended March 31	2016	2015
Revenue		
Interest on investments	$ 28,024	$ 19,598
Dividend income	63,962	178,479
Unrealized (loss) gain on investments	(11,276)	124,791
	80,710	322,868
Expenditures		
Brokers' and investment management fees	19,953	29,285
Excess of revenue over expenditures	$ 60,757	$ 293,583
Reserve fund, beginning of year	$ 3,180,102	$ 3,025,442
Excess of revenue over expenditures	60,757	293,583
Transfer to general fund	(411,956)	(138,923)
Reserve fund, end of year	$ 2,828,903	$ 3,180,102

See accompanying notes to the financial statements

Law Foundation of Nova Scotia
Statement of financial position

March 31	2016	2015
Assets		
Current		
Cash	**$ 275,211**	$ 222,813
Accrued interest receivable	**10,682**	12,642
Prepaids	**2,293**	4,169
	288,186	239,624
Investments (note 3)	**3,540,694**	3,953,491
Equipment (note 4)	**2,311**	2,888
	$ 3,831,191	$ 4,196,003
Liabilities		
Current		
Payables and accruals (note 5)	**$ 6,905**	$ 9,095
Designated grants payable (note 6)	**995,383**	1,006,806
	1,002,288	1,015,901
Fund balances		
Reserve fund	**2,828,903**	3,180,102
	$ 3,831,191	$ 4,196,003

Commitment (note 7)

On behalf of the Board

Director

Director

Law Foundation of Nova Scotia
Statement of cash flows

Year ended March 31	2016	2015
Increase (decrease) in cash and cash equivalents		
Operating		
(Deficiency) excess of revenue over expenditures	$ (351,199)	$ 154,660
Items in earnings not involving cash		
Amortization	577	722
Unrealized loss (gain) on investments	11,276	(124,791)
Reinvested dividends	(6,750)	(133,551)
	(346,096)	(23,202)
Change in non-cash working capital balances		
Accrued interest receivable - reserve	1,960	486
Accrued interest receivable - general	-	3,024
Prepaids	1,876	(429)
Payables and accruals	(2,190)	37
Designated grants payable	(11,423)	(103,438)
	(355,873)	(123,522)
Investing		
Purchase of investments	(1,819,914)	(6,355,851)
Proceeds on disposal of investments	2,228,185	6,327,984
	408,271	(27,867)
Net increase (decrease) in cash and cash equivalents	52,398	(151,389)
Cash and cash equivalents		
Beginning of year	222,813	374,202
End of year	$ 275,211	$ 222,813

See accompanying notes to the financial statements

Law Foundation of Nova Scotia
Notes to the financial statements
March 31, 2016

1. Nature of operations

The Law Foundation of Nova Scotia (the "Foundation") was established in 1976 by a Nova Scotia statute as a not-for-profit organization and is exempt from income tax. Its purpose is to grant funds to groups for projects connected with the law.

2. Summary of significant accounting policies

Basis of presentation
These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant policies used in the preparation of these statements are detailed as follows:

Fund accounting
The Board has internally restricted funds to finance future operations of the Foundation. The net investment income earned on these assets is recorded in the reserve fund.

The general fund accounts for the Foundation's day-to-day activities which include the interest income on the lawyers' trust accounts, the interest income on the investments, less grants approved and paid, and the administrative expenses for running the Foundation.

Cash
Cash includes cash balances on hand and held in investment accounts.

Investments
The investments of the Foundation consist of money market funds, fixed income securities, and equities. They are measured at fair value with changes in fair value recognized in the statement of operations and changes in reserve fund in the period in which they arise.

Equipment
The cost of equipment is amortized over its useful life using the following annual rates and methods:

	Rate	Method
Office equipment	20%	Declining balance
Furniture and fixtures	20%	Declining balance

When equipment no longer has any long term service potential to the Foundation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

Financial instruments
Initial measurement
The Foundation's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

At each reporting date, the Foundation measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Foundation has also irrevocably elected to measure its investments in fixed income securities at fair value. All changes in fair value of the Foundation's investments in equities quoted in an active market and in fixed income securities are recorded in the statement of operations. The financial instruments measured at amortized cost are accrued interest receivable and payables and accruals.

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure as at the date of the financial statements.

i) Credit risk
The Foundation is exposed to credit risk in the event of non-performance by counterparties to financial instruments. The Foundation is not exposed to any significant credit risk due to the nature of its accounts receivable.

ii) Liquidity risk
Liquidity risk is the risk that the Foundation will not be able to pay financial liabilities as they come due. The majority of assets held by the Fund are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise.

iii) Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Foundation segregates market risk into three categories: interest rate risk, currency risk and other price risk.

Interest rate risk
The Fund holds cash, money market funds and fixed income investments of $1,753,976 at year end (2015 - $3,168,969). A 1% absolute change in interest rates would increase or decrease interest income by $17,540 (2015 - $ 31,690).

Currency risk
The Fund's functional currency is the Canadian dollar. Foreign currency risk arises from the foundations investments that are denominated in in a foreign currency. Fluctuations in the relative value of foreign currencies against the Canadian dollar can result in positive or negative effect on the fair value of the investments. The Foundation holds $1,102,629 (2015 - $1,066,277) in cash and investments denominated in United States Dollars. A 5% absolute change in the foreign exchange rate would result in a gain or loss of $55,131 (2015 - $53,314).

Other price risk
Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those occurring from interest rate risk or currency risk. Securities held for trading are carried at fair value, and as such, impact earnings as changes occur. Investments held by the Foundation are managed by professional investment managers and are monitored by management.

2. Summary of significant accounting policies (continued)

Revenue recognition
Interest on trust accounts is recorded in the General Fund on an accrual basis.

Interest income and dividend income are recorded on an accrual basis, in the General or Reserve Fund.

Realized gains or losses on sale of investments are the difference between the proceeds received and the cost of investments sold.

Unrealized gains or losses on investments represent the difference between the carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

Use of estimates
The preparation of the financial statements in conformity with ASNPO requires the Foundation's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. Certain of these estimates require subjective judgments by management that may be uncertain. These items could include fair value of investments and useful lives of capital assets. Actual results could differ from those reported.

3. Investments

	2016		2015	
	Cost	Market Value	Cost	Market Value
Equities and mutual funds	$ 2,169,549	$ 2,061,929	$ 965,901	$ 1,007,335
Fixed income	1,448,161	1,454,584	1,099,779	1,103,500
Money market fund	24,194	24,181	1,842,748	1,842,656
	$ 3,641,904	$ 3,540,694	$ 3,908,428	$ 3,953,491

4. Equipment

	Cost	Accumulated Depreciation	2016 Net Book Value	2015 Net Book Value
Office equipment	$ 30,718	$ 28,854	$ 1,864	$ 2,330
Furniture and fixtures	8,769	8,322	447	558
	$ 39,487	$ 37,176	$ 2,311	$ 2,888

5. Payables and accruals

Included in payables and accruals are government remittances payable of $4,317 (2015 - $3,056).

6. Designated grants

The Board approved grants totalling $995,383 during the year ended March 31, 2016 (2015 - $1,006,806). Grants that have been approved but remain unpaid at year end are reported as current liabilities.

7. Commitment

The Foundation rents its premises under a long term lease which expires June 30, 2019. Estimated annual costs are $20,000, including annual base rental and common area costs.

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